

COMMONWEALTH OF KENTUCKY
BEFORE THE ENERGY REGULATORY COMMISSION

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In the Matter of

GENERAL ADJUSTMENTS IN ELECTRIC)
RATES OF KENTUCKY POWER COMPANY)

CASE NO. 7900

O R D E R

IT IS ORDERED That Kentucky Power Company shall file with the Commission by August 7, 1980, the following information. Each copy of the data requested should be placed in a bound volume with each item tabbed. Where a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1 (a), Sheet 2 of 6. Careful attention should be given to copied material to insure that it is legible.

1. a. In comparative form, total company income statement, a statement of changes in financial position, and a balance sheet for the test year and the twelve-month period immediately preceding the test year.
- b. An income statement (show net income) for the applicant's Kentucky retail operations for the test year.
2. A trial balance as of the last day of the test year (all income statement accounts should show activity for 12 months) showing account number, account title, and amount. Clearly identify accounts maintained on a total company basis and accounts maintained on a jurisdictional basis (indicate jurisdiction). Show the balance in each control and all underlying subaccounts per company books.
3. a. The balance in each total company current asset and each current liability account and subaccount included in the applicant's chart of accounts by months for the test year. Additionally, show total current assets, total current liabilities, and net current position (current assets less current liabilities) by months and average (13 month) for the test year. Provide a reconciliation of total company

- current assets, current liabilities, and net current position provided in response to the above with the current assets and current liabilities as shown on the total company balance sheet for each month of the test year.
- b. A calculation of total company average (thirteen month) and end-of-period debt, preferred stock, and common equity capital for the test year as shown in Format 3b attached.
 - c. A calculation of the average (thirteen month) and end-of-period long-term debt composite interest and preferred stock costs for the twelve months of the test year. Supporting details underlying calculations should be provided. The average long-term debt composite interest cost is calculated by dividing the sum of the book interest accrued on long-term debt and related amortization of discount, premium, and issuance cost by average long-term debt as calculated in Format 3b column c, line 15.
4. List each general office account (asset, reserve, and expense accounts) covering the twelve months of the test year. Show the amount allocated to each jurisdiction and a calculation of the factor used to allocate each amount. To be done by companies operating in more than one state.
5. The following monthly account balances and a calculation of the average (thirteen month) account balances for the test year for total company electric, Kentucky retail, other retail jurisdictions, and FERC wholesale:
- a. Plant in service (Account 101)
 - b. Plant purchased or sold (Account 102)
 - c. Property held for future use (Account 105)
 - d. Construction work in progress (Account 107)
 - e. Completed construction not classified (Account 106)
 - f. Depreciation reserve (Account 108)
 - g. Plant acquisition adjustment (Account 114)
 - h. Amortization plant acquisition adjustment (Account 115)

- i. Materials and supplies (Account 151, 154 and applicable portion of 163)
- j. Unpaid for balance in materials and supplies applicable to each account in 5i above*
- k. Unamortized investment credit - Pre-Revenue Act of 1971
- l. Unamortized investment credit - Revenue Act of 1971
- m. Accumulated deferred income taxes
- n. A summary of customer deposits as shown in Format 5n attached
- o. Computation and development of minimum cash requirements
- p. Balance in Accounts Payable applicable to amounts included in utility plant in service*
- q. Balance in Accounts Payable applicable to amounts included in plant under construction*
- r. Short-term borrowings
- s. Interest on short-term borrowings (expense)

The cash account balances at the beginning of the test year and at the end of each month during the test year for total company electric, Kentucky retail, other retail jurisdictions, and FERC wholesale.

- 7. Provide the following information for each item of electric property held for future use at the end of the test year:
 - a. Description of property
 - b. Location
 - c. Date purchased
 - d. Cost
 - e. Estimated date to be placed in service
 - f. Brief description of intended use
 - g. Current status of each project
- 8. Schedules in comparative form showing by months for the test year and the year preceding the test year the total company balance in each electric plant and reserve account or sub-account included in the applicant's chart of accounts as shown in Format 8 attached.

*

If actual is unavailable, give reasonable estimate.

9. Provide the journal entries relating to the purchase of utility plant acquired as an operating unit or system by purchase, merger, consolidation, liquidation, or otherwise since the inception of the company. Also, a schedule showing the calculation of the acquisition adjustment at the date of purchase of each item of electric plant, the amortization period, and the unamortized balance at the end of the test year.
10. To the extent not provided in the notice, provide all back-up material and supporting schedules used to prepare all accounting, proforma, end of period, and proposed rate adjustments in the rate application to revenue, expense, investment, and reserve accounts for the test year and a complete detailed narrative explanation of each adjustment including the reason why each adjustment is required. Where adjustments or components used to make adjustments are estimated provide a complete description of the basis of the estimate and any reference necessary to support this basis. Explain all factors used in each calculation, index each calculation to the adjustment it supports.
11. a. A schedule showing a comparison of the balance in the Kentucky retail revenue accounts for each month of the test year to the same month of the preceding year for each revenue account or subaccount included in the applicant's chart of accounts. Include appropriate footnotes to show the month each rate increase was granted and the first month the full increase was recorded in the accounts. See Format 8.
- b. A schedule in comparative form showing by months and annually for the test year and the year preceding the test year the balance in each total company retail revenue account or subaccount in the applicant's chart of accounts that requires allocation to the Kentucky retail jurisdiction and the amount applicable to the Kentucky retail jurisdiction. See Format 8.

12.
 - a. A schedule showing a comparison of the balance in each total company electric operating expense account for each month of the test year to the same month of the preceding year for each account or subaccount included in the applicant's chart of accounts. See Format 8.
 - b. A schedule in comparative form showing the total company electric operating expense account balances for the test year and each of the five years preceding the test year for each account or subaccount included in the applicant's annual report (FPC Form No. 1, Pages 417-420). Show the percentage of increase of each year over the prior year.
 - c. A schedule of total company salaries and wages for the test year and each of the five calendar years preceding the test year as shown in Format 12c attached.
 - d. A schedule showing the percentage of increase in salaries and wages for both union and non-union employees for the past five (5) years.
13. The following tax data for the test year for total company electric, Kentucky retail, other retail jurisdictions, and FERC wholesale:
 - a. Income taxes:
 - (1) Federal operating income taxes deferred - accelerated tax depreciation
 - (2) Federal operating income taxes deferred - other (explain)
 - (3) Federal income taxes - operating
 - (4) Income credits resulting from prior deferrals of Federal income taxes
 - (5) Investment tax credit net
 - (i) Investment credit realized
 - (ii) Investment credit amortized - Pre-Revenue Act of 1971
Investment credit amortized - Revenue Act of 1971
 - (iii) Investment credit amortized - Revenue Act of 1971
 - (6) Provide the information in 13.a(1) through 13.a(4) for state income taxes

- (7) Reconciliation of book to taxable income as shown in Format 13a (7) attached and a calculation of the book Federal and state income tax expense for the test year using book taxable income as the starting point.
- (8) A copy of Federal and state income tax returns for the taxable year ended during the test year including supporting schedules.
- (9) Schedule of franchise fees paid to cities, towns, or municipality during the test year including the basis of these fees.
- b. An analysis of Kentucky other operating taxes as shown in Format 13.b attached.
- 14. A schedule of total company net income per 1000 KWH sold per company books for the test year and the five years preceding the test year. This data should be provided as shown in Format 14 attached.
- 15. The comparative operating statistics as shown in Format 15 attached.
- 16. A schedule of total company average electric plant in service per 1000 KWH sold by account per company books for the test year and the five calendar years preceding the test year. This data should be provided as shown in Format 16 attached.
- 17. A statement of electric plant in service per company books for the test year. This data should be presented as shown in Format 17 attached.
- 18. a. Provide a detailed analysis of all (jurisdictional) charges booked during the test period for advertising expenditures. The analysis should include a complete breakdown of Account 913 - Advertising Expenses, as shown in Format 18a attached and further should show any other advertising expenditures included in any other expense accounts. The analysis should be specific as to the purpose of the expenditure and the expected benefit to be derived.
- b. Provide an analysis of Account 930 - Miscellaneous General Expenses for the test period. This analysis should show a complete breakdown of this account as shown in attached Format 18b and further provide all detailed working papers supporting

this analysis. As a minimum, the work papers should show the date, vendor, reference (i.e. voucher no., etc.), dollar amount and brief description of each expenditure. Detailed analysis is not required for amounts of less than \$500 provided the items are grouped by classes as shown in Format 18b attached.

- c. Provide an analysis of Account 426 - Other Income Deductions for the test period. This analysis should show a complete breakdown of this account as shown in attached Format 18c, and further provide all detailed working papers supporting this analysis. As a minimum the work papers should show the date, vendor, reference (i.e., voucher no., etc.), dollar amount and brief description of each expenditure. Detailed analysis is not required for amounts of less than \$500 provided the items are grouped by classes as shown in Format 18c attached.

- 19. A detailed analysis of contributions for charitable and political purposes (in cash or services), if any, recorded in accounts other than Account 426. This analysis should indicate the amount of the expenditure, the recipient of the contribution and the specific account charged.

- 20.
 - a. A statement describing the applicant's lobbying activities and a schedule showing the name of the individual, his salary, his organizations or trade associations involved in and all company-paid or reimbursed expenses or allowances and the account charged for all personnel for whom a principal function is that of lobbying, whether it be lobbying on the local, state, or national level.
 - b. A schedule showing the test year and the year preceding the test year with each year shown separately the following information regarding the applicant's investments in subsidiaries and joint ventures:
 - (1) Name of subsidiary or joint venture
 - (2) Date of initial investment

- (3) Amount and type of investment made for each of the two (2) years included in this report.
- (4) Balance sheet and income statement for the test year and the year preceding the test year. Where only internal statements are prepared, furnish copies of these.
- (5) Show on a separate schedule all dividends or income of any type received by applicant from its subsidiaries or joint ventures for each of the two (2) year report periods and indicate how this income is reflected in the reports filed with the Commission and the stockholders reports.
- (6) Name of officers of each of the subsidiaries or joint ventures, officer's annual compensation, and portion of compensation charged to the subsidiary or joint venture. Also, indicate the position each officer holds with the applicant and the compensation received from the applicant.

21. Provide the following information with regard to Applicant's Other Investments (Account 124) in Franklin Real Estate Company and Indiana Franklin Realty, Inc.:

- a. The nature of each investment
- b. The corporate purpose and functions of each entity listed above.
- c. Any ownership relationship, common employees, or directors or any other affiliation existing among the above listed entities and any member of the A.E.P. system.
- d. A list of any purchases of goods or services from these companies by Kentucky Power Company during the test period including a full description of the purchase, the dollar amount, the account or accounts involved and the expected benefit to the Kentucky ratepayer.
- e. An analysis of these investments presented as shown in Format 22(c) attached.

22.
 - a. A schedule showing by month the dollar amount of fuel purchased from affiliated and nonaffiliated suppliers for the test year.
 - b. A calculation of the dollar amount paid for fuel purchased each month from affiliated suppliers for the test year.
 - c. A calculation showing the average (thirteen month) number of days' supply of coal on hand for the test year and each of the five years preceding the test year (include a copy of all work-papers). Also, include a written detailed explanation of factors considered in determining what constitutes an average day's supply of coal.
23. Provide the following information with regard to uncollectible accounts for the test year and five preceding calendar years (taxable year acceptable) for total company:
 - a. Reserve account balance at the beginning of the year
 - b. Charges to reserve account (accounts charged off)
 - c. Credits to reserve account
 - d. Current year provision
 - e. Reserve account balance at the end of the year
 - f. Percent of provision to total revenue
24.
 - a. A listing of nonutility property and property taxes and account where amounts are recorded.
 - b. A schedule for all non-utility property giving a description, the date purchased and the cost.
25. Rates of return in Format 25 attached.
26. Employee data in Format 26 attached.
27. The jurisdictional allocation study for the test year including all applicable work papers.
28. A list of generation units completed or under construction during the test year. This list should include the capacity, actual or estimated total cost, type of fuel to be utilized, and the in service or estimated completion date for each unit.
29. Actual fuel costs for the test year. The costs should be given in total dollars, cents per KWH generated, and cents per MBTU for each type fuel. Data should also be supplied on the actual amounts of each type of fuel used, the numbers of BTU's obtained from each type of fuel, and the KWH generated by each type of fuel.
30. Alternative yearly load forecasts for the 10 years succeeding

the test year, summer and winter peaks, based on:

- a. Present forecasts as anticipated by the Company
- b. Reasonable assumptions reflecting possible changes in the availability of alternative energy sources (i.e. natural gas, fuel oil, solar power, etc.) actual and projected.
- c. If a current ten (10) year forecast is not available, provide the most recent forecast and state the reason a ten (10) year forecast is not available.

- 31. Purchased power costs. These costs should be separated into demand and energy costs. The actual and estimated KW demands and KWH purchased should be included. Indicate any estimates used.
- 32. Provide an annualization of the operation of any generating units declared commercial during the test year using the Company's estimate of the operation of these units.
- 33.
 - a. Capital structure at end of each calendar year for the previous ten (10) years.
 - b. Capital structure at end of latest available quarter
 - c. Capital structure at end of test period.

Item 32a, 32b, and 32c should include the following information:

- (1) class of capital
- (2) amount of each class (\$)
- (3) ratio of each class to total
- (4) total capitalization (\$)

These Items should be furnished for the parent, the subsidiary and for the system consolidated.

- 34.
 - a. List all outstanding issues of long term debt as of the end of the latest calendar year and at the end of the test period. Item 33a should include the following for each outstanding issue of long debt:
 - (1) Date of maturity
 - (2) Date of issue
 - (3) Amount outstanding (\$)
 - (4) Coupon interest rate (%)
 - (5) Cost of rate at issue (%)

- (6) Cost rate to maturity (%)
 - (7) Bond rating at time of issue (Moody's, Standard & Poor's etc.)
 - (8) Type of obligation
- b. Provide calculations of embedded cost of long-term debt at the end of each calendar year for the previous ten (10) years. Also provide this calculation for the end of the test period. Items 34 A & B should be provided for the parent and for the subsidiary.
35. a. List all outstanding issues of preferred stock as of end of the latest calendar year and at the end of the historical test period. Item 34a should include the following information for each outstanding issue of preferred stock:
- (1) Date of issue
 - (2) Amount sold (\$)
 - (3) Amount outstanding (\$)
 - (4) Dividend rate
 - (5) Convertibility features if any
 - (6) Cost rate at issue (%)
- b. Provide calculations of embedded cost calculations of preferred stock at the end of each of the previous ten (10) years. Also, provide this calculation for the test period. Items 35 A & B should be provided for the parent company.
36. a. Provide a listing of all issues of common stock in the primary market during the most recent ten (10) year period.
- For Item(a) provide the following :
- (1) Date of issue
 - (2) Number of shares issued
 - (3) Date of announcement and registration
 - (4) Price per share (net to company) (\$)
 - (5) Book value per share at time of issue (\$)
 - (6) Selling expenses as % of gross issue amount
 - (7) Net proceeds to company
 - (8) Price per share to the public

- b. Provide the following information on a quarterly and yearly basis for the most recent ten (10) year period available, through the latest available quarter. (Item (5) through (7) refer to yearly figures only.)
- (1) Average number of shares of common outstanding
 - (2) Book value at end of quarter (year)
 - (3) Quarterly (yearly) earnings per share
 - (4) Declared quarterly (yearly) dividend rate per share
 - (5) Rate of return on average common equity
 - (6) Rate of return on year-end common equity
- c. Provide monthly market price figures for common stock for each month during the most recent ten (10) year period. Include the following:
- (1) Monthly high price
 - (2) Monthly low price
 - (3) Monthly closing price
 - (4) Note all stock splits by date and type and adjust prices accordingly.

Items 31A, B & C refer to the parent company.

37. Provide figures showing computation of fixed charge coverage ratio (SEC Method, PRETAX, including Short Term Debt payments) at the end of each of the 10 most recent prior years.
38. a. In comparative form, a statement showing rates, charges, terms and conditions, and Service Rules and Regulations presently in effect and those which the applicant seeks to place into effect as well as percentage increases (decreases) for each rate or charge.
39. A listing of present or proposed research efforts dealing with the pricing of electricity and the current status of such efforts.
40. Test year revenues for each rate schedule on:
- a. per book rates
 - b. present rates annualized
 - c. proposed rates annualized

41. For the test year submit the following data:
- a. Coincident peak demand for each rate schedule at the time of the summer and winter peaks (system).
 - b. KWH sales and number of bills for each residential rate schedule during the months of the winter peaks (system and Kentucky jurisdictional).
 - c. System peak demand for summer and winter seasons.
 - d. Non-coincident and class peak demands for each rate schedule for the summer and winter seasons (system).
42. What is the date of the last depreciation study prepared by or for your company?
43. What was the interval between the last depreciation study and the next planned study?
- Interval
44. Were the latest depreciation study finding and recommendations:
- a. adopted completely?
 - b. adopted with minor exceptions?
 - c. unaccepted?
 - d. if not fully adopted, state the recommendations not adopted and furnish reasons.
45. When were the latest depreciation study findings and recommendations implemented? Date
46. For purposes of booking depreciation expense to what depreciable plant base does the company apply accrual rates?
- a. Average of beginning and end-of-year estimated balances.
 - b. Average of January 1 and July 1 balances.
 - c. End-of-month plant balances.
 - d. Other. Explain.
47. If averages of beginning and end-of-year estimated balances are used, are estimated additions revised when actual amounts are known?

48. How is estimated net salvage treated?
- The depreciable plant base is increased or decreased as appropriate.
 - The accrual rate is adjusted to reflect the net salvage percentage of plant original cost.
49. What method is used to allocate total depreciation requirements to accounting periods falling within the asset life span?
- Straight-line method.
 - Compound interest or sinking fund method.
 - Unit of production.
 - Combination of methods. Explain.
50. How are mass property units priced for retirement purposes?
- Actual cost.
 - First in - first out.
 - Moving average cost.
 - Yearly average cost.
 - Average costs for each year or bands of years (state band of years used).
 - Other. Explain.
51. Are company estimates of service life and net salvage determined:
- For each unit of property or by plant location.
 - For each primary plant account or subaccount.
 - For plant functional classification only?
 - For all system depreciable plant (i.e. a single composite estimate)?
 - Other? Explain.
52. Are accrual rates based on estimates of:
- Total service period of the asset(s)?
 - Total remaining service period of the asset(s)?
 - Average service life for a plant group?
 - Average remaining life for a plant group?
 - Other? Specify?

53. Are accrual rates based on estimates of:
- a. Historical gross salvage?
 - b. Future gross salvage?
 - c. Average of historical and future gross salvage?
 - d. Historical cost of removal?
 - e. Future cost of removal?
 - f. Average of historical and future of cost removal?
54. Provide a copy of the latest depreciation study.
55. Provide a revised comparative billing analysis and adjusted schedules under Section V of the Notice to reflect the impact of the rate increase granted in the Commission's Order on Rehearing dated June 27, 1980 in Case No. 7489.
56. Provide a breakdown of the fuel revenues collected under each retail rate schedule for the test year ending March 31, 1980.

The Commission is aware that some of this requested information could be compiled from information available in the Commission files (i.e. annual reports, monthly reports, filings in previous cases). At the present time, however, the Commission's lack of computer capabilities and the magnitude of the case load leave the Commission no alternative but to request the Company to provide this information. Moreover, until such time as the Commission, who is presently in the first stages of acquiring computer capabilities, is able, the Company may be required to file this or similar data in all rate cases.

Done at Frankfort, Kentucky, this 17th day of July, 1980.

ENERGY REGULATORY COMMISSION

Chairman

Vice Chairman

Commissioner

ATTEST:

Secretary

Kentucky Power Company
Commonwealth of Kentucky

Format 3b

Case No. 7900

CALCULATION OF AVERAGE AND END-OF-PERIOD CAPITAL

12 Months Ended March 31, 1980

| Line No. | Item (a) | Total Capital ^{1/} (b) | Long-Term Debt (c) | Preferred Stock ^{2/} (d) | Common Stock ^{2/} (e) | Other Capital (f) | Retained Earnings (g) | Total Common Equity (h) |
|----------|-------------------------------------|---------------------------------------|--------------------------|---|--------------------------------------|-------------------------|-----------------------------|----------------------------------|
| 1. | Balance beginning of test year | | | | | | | |
| 2. | 1st Month | | | | | | | |
| 3. | 2nd Month | | | | | | | |
| 4. | 3rd Month | | | | | | | |
| 5. | 4th Month | | | | | | | |
| 6. | 5th Month | | | | | | | |
| 7. | 6th Month | | | | | | | |
| 8. | 7th Month | | | | | | | |
| 9. | 8th Month | | | | | | | |
| 10. | 9th Month | | | | | | | |
| 11. | 10th Month | | | | | | | |
| 12. | 11th Month | | | | | | | |
| 13. | 12th Month | | | | | | | |
| 14. | Total (L1 through L13) | | | | | | | |
| 15. | Average balance (L14 + L13) | | | | | | | |
| 16. | Average capitalization ratios | | | | | | | |
| 17. | End-of-period capitalization ratios | | | | | | | |

^{1/}If applicable, provide an additional schedule in the above format excluding common equity in subsidiaries from the total company capital structure. Show the amount of common equity excluded.

^{2/}Include premium on class of stock.

Kentucky Power Company
SUMMARY OF CUSTOMER DEPOSITS

12 Months Ended March 31, 1980

(Ky. Retail)

| <u>Line</u> <u>No.</u> | <u>Month</u> (a) | <u>Receipts</u> (b) | <u>Refunds</u> (c) | <u>Balance</u> (d) |
|---------------------------|---|------------------------|-----------------------|-----------------------|
| 1. | Balance beginning of test year | | | |
| 2. | 1st Month | | | |
| 3. | 2nd Month | | | |
| 4. | 3rd Month | | | |
| 5. | 4th Month | | | |
| 6. | 5th Month | | | |
| 7. | 6th Month | | | |
| 8. | 7th Month | | | |
| 9. | 8th Month | | | |
| 10. | 9th Month | | | |
| 11. | 10th Month | | | |
| 12. | 11th Month | | | |
| 13. | 12th Month | | | |
| 14. | Total (L1 through L13) | | | |
| 15. | Average balance (L14 ÷ 13) | | | |
| 16. | Amount of deposits received during test period | | | |
| 17. | Amount of deposits refunded during test period | | | |
| 18. | Number of deposits on hand end of test year | | | |
| 19. | Average amount of deposit (L15, Column (d) ÷ L18) | | | |
| 20. | Interest paid during test period | | | |
| 21. | Interest accrued during test period | | | |
| 22. | Interest rate | | | |

COMPARISON OF TEST YEAR ACCOUNT BALANCES WITH THOSE OF THE PRECEDING YEAR

[illegible]

Format 12c
Sheet 1 of 2

And the 12-Month Period Ending March 31, 1980

[illegible]

2. Power production expenses
3. Transmission expenses
4. Distribution expenses
5. Customer accounts expense
6. Sales expenses
7. Administrative and general expenses:
 - (a) Administrative and general salaries
 - (b) Office supplies and expense
 - (c) Administrative expense transferred-cr.
 - (d) Outside services employed
 - (e) Property insurance
 - (f) Injuries and damages

| Line No. | Item (a) | 12 Months Ended | | | | | | | | | | Test Year |
|-------------|-------------|-----------------------------------|-----|--------|-----|--------|-----|--------|-----|--------|-----|--------------|
| | | Calendar Years Prior to Test Year | | | | | | | | | | |
| | | 5th | 4th | | 3rd | | 2nd | | 1st | | | |
| Amount | % | Amount | % | Amount | % | Amount | % | Amount | % | Amount | % | |
| (b) | (c) | (d) | (e) | (f) | (g) | (h) | (i) | (j) | (k) | (l) | (m) | |

7. Administrative and general expenses (continued):

- (g) Employee pensions and benefits
- (h) Franchise requirements
- (i) Regulatory commission expense
- (j) Duplicate charges-cr.
- (k) Miscellaneous general expense
- (l) Rents
- (m) Maintenance of general plant

8. Total administrative and general expenses L7(a) through L7 (m)

9. Total salaries and wages charged expense (L2 through L6 + L8)

10. Wages capitalized

11. Total of salaries and wages

12. Ratio of salaries and wages charged expense to total wages (L9 + L11)

13. Ratio of salaries and wages capitalized to total wages (L10 + L11)

NOTE: Show percent increase of each year over the prior year in Columns (c), (e), (g), (i), (k), and (m).

Kentucky Power Company

RECONCILIATION OF BOOK NET INCOME AND FEDERAL TAXABLE INCOME

12 Months Ended March 31, 1980

| Line No. | Item (a) | Total Company (b) | Total Company Nonoperating (c) | Operating | | | |
|-------------|---|-------------------------|---|-------------------------------------|---------------------------|---|-------------------------|
| | | | | Total Company Electric (d) | Kentucky Retail (e) | Other Retail Jurisdictions (f) | FPC Wholesale (g) |
| 1. | Net income per books | | | | | | |
| 2. | Add income taxes: | | | | | | |
| 3. | A. Federal income tax - Current | | | | | | |
| 4. | B. Federal income tax deferred - Depreciation | | | | | | |
| 5. | C. Federal income tax deferred - Other | | | | | | |
| 6. | D. Investment tax credit adjustment | | | | | | |
| 7. | E. Federal income taxes charged to other income and deductions | | | | | | |
| 8. | F. State income taxes | | | | | | |
| 9. | G. State income taxes charged to other income and deductions | | | | | | |
| 10. | Total | | | | | | |
| 11. | Flow through items: | | | | | | |
| 12. | Add (itemize) | | | | | | |
| 13. | Deduct (itemize) | | | | | | |
| 14. | Book taxable income | | | | | | |
| 15. | Differences between book taxable income and taxable income per tax return: | | | | | | |
| 16. | Add (itemize) | | | | | | |
| 17. | Deduct (itemize) | | | | | | |
| 18. | Taxable income per return | | | | | | |

NOTE: (1) Provide a calculation of the amounts shown on lines 3 through 7 above.

(2) Provide work papers showing the calculation of straight-line tax depreciation and accelerated tax depreciation and all other work papers in support of the calculation of Federal income tax expense.

(3) Provide a schedule setting forth the basis of allocation of each item of revenue or cost allocated above.

Case Number

RECONCILIATION OF BOOK NET INCOME AND STATE TAXABLE INCOME

12 Months Ended

| Line No. | Item (a) | Total Company (b) | Total Company Non-operating (c) | Operating | |
|-------------|---|-------------------------|--|-------------------------------|--------------------------|
| | | | | Electric Department (d) | Gas Department (e) |
| 1. | Net income per books | | | | |
| 2. | Add income taxes | | | | |
| 3. | A. Federal income tax - Current | | | | |
| 4. | B. Federal income tax deferred - depreciation | | | | |
| 5. | C. Federal income tax deferred - Other | | | | |
| 6. | D. Investment tax credit adjustment | | | | |
| 7. | E. Federal income taxes charged to other income and deductions | | | | |
| 8. | F. State income taxes | | | | |
| 9. | G. State income taxes charged to other income and deductions | | | | |
| 10. | Total | | | | |
| 11. | Flow through items: | | | | |
| 12. | Add (itemize) | | | | |
| 13. | Deduct (itemize) | | | | |
| 14. | Book taxable income | | | | |
| 15. | Difference between book taxable income and taxable income per tax return: | | | | |
| 16. | Add (itemize) | | | | |
| 17. | Deduct (itemize) | | | | |
| 18. | Taxable income per return | | | | |

NOTE:

- (1) Provide a calculation of the amounts shown on Lines 8 and 9 above.
- (2) Provide work papers showing the calculation of straight-line tax depreciation and accelerated tax depreciation and all other work papers in support of the calculation of State income tax expense.
- (3) Provide a schedule setting forth the basis of allocation of each item of revenue or cost allocated above.

Kentucky Power Company

Case No. 7900

ANALYSIS OF OTHER OPERATING TAXES

12 Months Ended March 31, 1980

(000's)

| Line No. | Item (a) | Charged Expense (b) | Charged to Construction (b) | Charged to Other Accounts 1/ (d) | Amount Accrued (e) | Amount Paid (f) |
|-------------|--|------------------------|-----------------------------------|--|-----------------------|-----------------------|
| 1. | Kentucky Retail: | | | | | |
| | (a) State Income | | | | | |
| | (b) Franchise Fees | | | | | |
| | (c) Ad Valorem | | | | | |
| | (d) Payroll (employers Portion) | | | | | |
| | (e) Other Taxes | | | | | |
| 2. | Total Kentucky Retail (L 1 (a) through L 1 (e)) | | | | | |
| 3. | Other Jurisdictions | | | | | |
| | Total per Books (L 2 and L 3) | | | | | |
| 1/ | Explain items in this column. | | | | | |

Kentucky Power Company

Case Number 7900

NET INCOME PER 1000 KWH SOLD

For the Calendar Year 1975 through 1979

And for the 12 Months Ended March 31, 1980

(Total Company)

(000's)

| Line No. | Item (a) | 12 Months Ended | | | | | Test Year (g) |
|-------------|---|--------------------|------------|------------|------------|------------|---------------------|
| | | Calendar Years | | | | | |
| | | Prior to Test Year | | | | | |
| | | 5th (b) | 4th (c) | 3rd (d) | 2nd (e) | 1st (f) | |
| 1. | <u>Operating Income</u> | | | | | | |
| 2. | Operating revenues | | | | | | |
| 3. | <u>Operating Income Deductions</u> | | | | | | |
| 4. | Operation and maintenance expenses: | | | | | | |
| 5. | Fuel | | | | | | |
| 6. | Other power production expenses | | | | | | |
| 7. | Transmission expenses | | | | | | |
| 8. | Distribution expenses | | | | | | |
| 9. | Customer accounts expense | | | | | | |
| 10. | Sales expense | | | | | | |
| 11. | Administrative and general expense | | | | | | |
| 12. | Total (L5 through L11) | | | | | | |
| 13. | Depreciation expenses | | | | | | |
| 14. | Amortization of utility plant acquisition adjustment | | | | | | |
| 15. | Taxes other than income taxes | | | | | | |
| 16. | Income taxes - Federal | | | | | | |
| 17. | Income taxes - other | | | | | | |
| 18. | Provision for deferred income taxes | | | | | | |
| 19. | Investment tax credit adjustment - net | | | | | | |
| 20. | Total utility operating expenses | | | | | | |
| 21. | Net utility operating income | | | | | | |
| 22. | <u>Other Income and Deductions</u> | | | | | | |
| 23. | Other income: | | | | | | |
| 24. | Allowance for funds used during construction | | | | | | |
| 25. | Miscellaneous nonoperating income | | | | | | |
| 26. | Total other income | | | | | | |
| 27. | Other income deductions: | | | | | | |
| 28. | Miscellaneous income deductions | | | | | | |
| 29. | Taxes applicable to other income and deductions: | | | | | | |
| 30. | Income taxes and investment tax credit | | | | | | |
| 31. | Taxes other than income taxes | | | | | | |
| 32. | Total taxes on other income and deductions | | | | | | |
| 33. | Net other income and deductions | | | | | | |

Kentucky Power Company
Case Number 7900
NET INCOME PER 1000 KWH SOLD
For the Calendar Year 1975 through 1979
And for the 12 Months Ended March 31, 1980
(Total Company)
(000's)

| Line No. | Item (a) | 12 Months Ended | | | | | Test Year (g) |
|-------------|------------------------------|--------------------|------------|------------|------------|------------|---------------------|
| | | Calendar Years | | | | | |
| | | Prior to Test Year | | | | | |
| | | 5th (b) | 4th (c) | 3rd (d) | 2nd (e) | 1st (f) | |
| 34. | <u>Interest Charges</u> | | | | | | |
| 35. | Interest on long-term debt | | | | | | |
| 36. | Amortization of debt expense | | | | | | |
| 37. | Other interest expense | | | | | | |
| 38. | Total interest charges | | | | | | |
| 39. | Net income | | | | | | |
| 40. | 1000 KWH sold | | | | | | |

Kentucky Power Company

Case No. 7900

COMPARATIVE OPERATING STATISTICS

For the Calendar Years 1975 Through 1979
and the 12-Month Period Ended March 31, 1980

(Total Company)

| 12 Months Ended | | | | | | | | | | | |
|-----------------------------------|------|------|------|------|------|------|------|------|------|-----------|------|
| Calendar Years Prior to Test Year | | | | | | | | | | | |
| 5th | % | 4th | % | 3rd | % | 2nd | % | 1st | % | Test Year | % |
| Cost | Inc. | Cost | Inc. | Cost | Inc. | Cost | Inc. | Cost | Inc. | Cost | Inc. |
| (b) | (c) | (d) | (e) | (f) | (g) | (h) | (i) | (j) | (k) | (l) | (m) |

- Line
No.

Item
(a)
1. Fuel Costs:

2. Coal - cost per ton

3. Oil - cost per gallon

4. Gas - cost per MCF

5. Cost Per Million BTU:

6. Coal

7. Oil

8. Gas

9. Cost Per 1000 KWH Sold:

10. Coal

11. Oil

12. Gas

13. Wages and Salaries - Charged Expense:

14. Per average employee

15. Depreciation Expense:

16. Per \$100 of average gross plant
in service

[illegible]

Kentucky Power Company
Case Number 7900

AVERAGE ELECTRIC PLANT IN SERVICE BY ACCOUNT PER 1000 KWH SOLD
For the Calendar Year 1975 Through 1979 and the 12 Months Ended March 31, 1980
(Total Company)

| Account Number | Title of Accounts (a) | Calendar Years Prior to Test Year | | | | | Test Year (g) |
|-----------------------------------|---|-----------------------------------|------------|------------|------------|------------|---------------------|
| | | 5th (b) | 4th (c) | 3rd (d) | 2nd (e) | 1st (f) | |
| <u>Intangible Plant</u> | | | | | | | |
| 301 | Organization | | | | | | |
| <u>Steam Production Plant</u> | | | | | | | |
| 310 | Land and land rights | | | | | | |
| 311 | Structures and improvements | | | | | | |
| 312 | Boiler plant equipment | | | | | | |
| 314 | Turbogenerator units | | | | | | |
| 315 | Accessory electric equipment | | | | | | |
| 316 | Miscellaneous power plant equipment | | | | | | |
| 106 | Completed construction - not classified | | | | | | |
| | Total steam production plant | | | | | | |
| <u>Hydraulic Production Plant</u> | | | | | | | |
| 330 | Land and land rights | | | | | | |
| 331 | Structures and improvements | | | | | | |
| 332 | Reservoirs, dams and waterways | | | | | | |
| 333 | Water wheels turbines and generators | | | | | | |
| 334 | Accessory electric equipment | | | | | | |
| 335 | Miscellaneous power plant equipment | | | | | | |
| 336 | Roads, railroads and bridges | | | | | | |
| 106 | Completed construction - not classified | | | | | | |
| | Total hydraulic production plant | | | | | | |

Account
Number

Title of Accounts
(a)

| 12 Month Ended | | | | | Test Year |
|----------------|-----|-----|-----|-----|--------------|
| 5th | 4th | 3rd | 2nd | 1st | |
| (b) | (c) | (d) | (e) | (f) | (g) |

Other Production Plant

| | |
|-----|---|
| 340 | Land and land rights |
| 341 | Structures and improvements |
| 342 | Fuel holders, producers and accessories |
| 343 | Prime movers |
| 344 | Generators |
| 345 | Accessory electric equipment |
| 346 | Miscellaneous power plant equipment |
| 106 | Completed construction - not classified |
| | Total other production plant |

Total production plant

Transmission Plant

| | |
|-----|---|
| 350 | Land and land rights |
| 352 | Structures and improvements |
| 353 | Station equipment |
| 354 | Towers and fixtures |
| 355 | Poles and fixtures |
| 356 | Overhead conductors and devices |
| 357 | Underground conduit |
| 358 | Underground conductors and devices |
| 359 | Roads and trails |
| 106 | Completed construction - not classified |
| | Total transmission plant |

Distribution Plant

| | |
|-----|---|
| 360 | Land and land rights |
| 361 | Structures and improvements |
| 362 | Station equipment |
| 364 | Poles, towers and fixtures |
| 365 | Overhead conductors and devices |
| 366 | Underground conduit |
| 367 | Underground conductors and devices |
| 368 | Line transformers |
| 369 | Services |
| 370 | Meters |
| 371 | Installations on customers' premises |
| 372 | Leased property on customers' premises |
| 373 | Street lighting and signal systems |
| 106 | Completed construction - not classified |

Account
Number

Title of Accounts
(a)

| 12 Month Ended | | | | | Test |
|-----------------------------------|-----|-----|-----|-----|------|
| Calendar Years Prior to Test Year | | | | | Year |
| 5th | 4th | 3rd | 2nd | 1st | (g) |
| (b) | (c) | (d) | (e) | (f) | |

General Plant

| | |
|-------|---|
| 389 | Land and land rights |
| 390 | Structures and improvements |
| 391 | Office furniture and equipment |
| 392 | Transportation equipment |
| 393 | Stores equipment |
| 394 | Tools, shop and garage equipment |
| 395 | Laboratory equipment |
| 396 | Power operated equipment |
| 397 | Communication equipment |
| 398 | Miscellaneous equipment |
| 399 | Other tangible property |
| 106 | Completed construction - not classified |
| | Total general plant |
| 100.1 | Total electric plant in service |

1000 KWH Sold

STATEMENT OF ELECTRIC PLANT IN SERVICE

12 Months Ended March 31, 1980

(Total Company)

| Account Number | Title of Accounts (a) | Beginning Balance (b) | Additions (c) | Retirements (d) | Transfers (e) | Ending Balance (f) |
|-----------------------------------|---|-----------------------------|------------------|--------------------|------------------|--------------------------|
| <u>Intangible Plant</u> | | | | | | |
| 301 | Organization | | | | | |
| <u>Steam Production Plant</u> | | | | | | |
| 310 | Land and land rights | | | | | |
| 311 | Structures and improvements | | | | | |
| 312 | Boiler plant equipment | | | | | |
| 314 | Turbogenerator units | | | | | |
| 315 | Accessory electric equipment | | | | | |
| 316 | Miscellaneous power plant equipment | | | | | |
| 106 | Completed construction - not classified | | | | | |
| | Total steam production plant | | | | | |
| <u>Hydraulic Production Plant</u> | | | | | | |
| 330 | Land and land rights | | | | | |
| 331 | Structures and improvements | | | | | |
| 332 | Reservoirs, dams and waterways | | | | | |
| 333 | Water wheels turbines and generators | | | | | |
| 334 | Accessory electric equipment | | | | | |
| 335 | Miscellaneous power plant equipment | | | | | |
| 336 | Roads, railroads and bridges | | | | | |
| 106 | Completed construction - not classified | | | | | |
| | Total hydraulic production plant | | | | | |

Account
Number

Title of Accounts
(a)

Beginning
Balance
(b)

Additions
(c)

Retirements
(d)

Transfers
(e)

Beginning
Balance
(f)

| | | | | | |
|-------------------------------|---|--|--|--|--|
| <u>Other Production Plant</u> | | | | | |
| 340 | Land and land rights | | | | |
| 341 | Structures and improvements | | | | |
| 342 | Fuel holders, producers and accessories | | | | |
| 343 | Prime movers | | | | |
| 344 | Generators | | | | |
| 345 | Accessory electric equipment | | | | |
| 346 | Miscellaneous power plant equipment | | | | |
| 106 | Completed construction - not classified | | | | |
| | Total other production plant | | | | |

Total production plant

| | | | | | |
|---------------------------|---|--|--|--|--|
| <u>Transmission Plant</u> | | | | | |
| 350 | Land and land rights | | | | |
| 352 | Structures and improvements | | | | |
| 353 | Station equipment | | | | |
| 354 | Towers and fixtures | | | | |
| 355 | Poles and fixtures | | | | |
| 356 | Overhead conductors and devices | | | | |
| 357 | Underground conduit | | | | |
| 358 | Underground conductors and devices | | | | |
| 359 | Roads and trails | | | | |
| 106 | Completed construction - not classified | | | | |
| | Total transmission plant | | | | |

| | | | | | |
|---------------------------|---|--|--|--|--|
| <u>Distribution Plant</u> | | | | | |
| 360 | Land and land rights | | | | |
| 361 | Structures and improvements | | | | |
| 362 | Station equipment | | | | |
| 364 | Poles, towers and fixtures | | | | |
| 365 | Overhead conductors and devices | | | | |
| 366 | Underground conduit | | | | |
| 367 | Underground conductors and devices | | | | |
| 368 | Line transformers | | | | |
| 369 | Services | | | | |
| 370 | Meters | | | | |
| 371 | Installations on customers' premises | | | | |
| 372 | Leased property on customers' premises | | | | |
| 373 | Street lighting and signal systems | | | | |
| 106 | Completed construction - not classified | | | | |
| | Total distribution plant | | | | |

| Account Number | Title of Accounts (a) | Beginning Balance | Additions | Retirements | Transfers | Ending Balance |
|----------------------|---|----------------------|-----------|-------------|-----------|-------------------|
| <u>General Plant</u> | | | | | | |
| 389 | Land and land rights | | | | | |
| 390 | Structures and improvements | | | | | |
| 391 | Office furniture and equipment | | | | | |
| 392 | Transportation equipment | | | | | |
| 393 | Stores equipment | | | | | |
| 394 | Tools, shop and garage equipment | | | | | |
| 395 | Laboratory equipment | | | | | |
| 396 | Power operated equipment | | | | | |
| 397 | Communication equipment | | | | | |
| 398 | Miscellaneous equipment | | | | | |
| 399 | Other tangible property | | | | | |
| 106 | Completed construction - not classified | | | | | |
| | Total general plant | | | | | |
| 100.1 | Total electric plant in service | | | | | |
| | 1000 KWH Sold | | | | | |

Kentucky Power Company

Case Number 7900

ACCOUNT 913 - ADVERTISING EXPENSE

For the 12 Months Ended March 31, 1980

(Total Company)

(000's)

| Line No. | Item (a) | Sales or Promotional Advertising (b) | Institutional Advertising (c) | Conservation Advertising (d) | Rate Case (e) | Other (f) | Total (g) |
|-------------|----------------------------------|---|-------------------------------------|------------------------------------|---------------------|--------------|--------------|
| 1. | Newspaper | | | | | | |
| 2. | Magazines and Other | | | | | | |
| 3. | Telvision | | | | | | |
| 4. | Radio | | | | | | |
| 5. | <u>Direct Mail</u> | | | | | | |
| 6. | Sales Aids | | | | | | |
| 7. | Total | | | | | | |
| 8. | Amount Assigned to Ky. Retail | | | | | | |

Kentucky Power Company

Case Number 7900

ACCOUNT 930 - MISCELLANEOUS GENERAL EXPENSES

For the 12 Months Ended March 31, 1980

(Total Company)

(000's)

| <u>Line No.</u> | <u>Item (a)</u> | <u>Amount (b)</u> |
|---------------------|--|-----------------------|
| 1. | Industry Association Dues | |
| 2. | Stockholder and Debt Servicing Expenses | |
| 3. | Institutional Advertising | |
| 4. | Conservation Advertising | |
| 5. | Rate Department Load Studies | |
| 6. | Water, and Other Testing and Research | |
| 7. | Directors' Fees and Expenses | |
| 8. | Dues and Subscriptions | |
| 9. | Miscellaneous | |
| 10. | Total | |
| 11. | Amount Assigned to Ky. Retail | |

Kentucky Power Company

Case Number 7900

ACCOUNT 426 - MISCELLANEOUS INCOME DEDUCTIONS

For the 12 Months Ended March 31, 1980

(Total Company)

(000's)

| <u>Line No.</u> | <u>Item (a)</u> | <u>Amount (b)</u> |
|---------------------|-------------------------------|-----------------------|
| 1. | Donations | |
| 2. | Civic Activities | |
| 3. | Political Activities | |
| 4. | Other | |
| 5. | Total | |
| 6. | Amount Assigned to Ky. Retail | |

Kentucky Power Company

Case No. 7900

ANALYSIS OF INVESTMENT
in Franklin Real Estate Company
& Indiana Franklin Realty, Inc.

For the Twelve Months Ending March 31, 1980

| <u>Investment</u> | <u>Date of Initial Investment</u> | <u>Book Cost Beginning of Year</u> | <u>Purchases or Additions During Year</u> | <u>Sales or Other Dispositions During Year</u> | <u>Book Cost End of Year</u> | <u>Gain or Loss from Investment Disposal of</u> |
|-------------------|---|--|---|--|--------------------------------------|---|
|-------------------|---|--|---|--|--------------------------------------|---|

Kentucky Power Company

Case Number 7900

AVERAGE RATES OF RETURN

12 Months Ended March 31, 1980

| <u>Line No.</u> | <u>Calendar Years Prior to Test Year</u> (a) | <u>Total Company Electric</u> (b) | <u>Ky. Retail</u> (c) | <u>Other Retail Jurisdictions</u> (d) | <u>FPC Wholesale</u> (e) |
|---------------------|---|--|------------------------------|--|---------------------------------|
| 1. | Original Cost Net Investment: | | | | |
| 2. | 5th Year | | | | |
| 3. | 4th Year | | | | |
| 4. | 3rd Year | | | | |
| 5. | 2nd Year | | | | |
| 6. | 1st Year | | | | |
| 7. | Test Year | | | | |
| 8. | Original Cost Common Equity: | | | | |
| 9. | 5th Year | | | | |
| 10. | 4th Year | | | | |
| 11. | 3rd Year | | | | |
| 12. | 2nd Year | | | | |
| 13. | 1st Year | | | | |
| 14. | Test Year | | | | |

NOTE: Provide work papers in support of the above calculations.

Kentucky Power Company
Case Number 7900

SCHEDULE OF NUMBER OF EMPLOYEES, HOURS PER EMPLOYEE, AND AVERAGE WAGES
PER EMPLOYEE

| Calendar Years | | Production | | | | Transmission | | | Distribution | | | Customer Accounts | | | Sales | | | Administrative and General | | | Construction | | | Total | | | | | | | | | |
|--------------------|--|----------------|-----|-----|--|----------------|-----|-----|----------------|-----|-----|-------------------|--|-----|----------------|-----|--|----------------------------|-----|-----|----------------|-----|-----|----------------|--|-----|-----|-----|--|-----|-----|-----|--|
| Prior to Test Year | | No. Hrs. Wages | | | | No. Hrs. Wages | | | No. Hrs. Wages | | | No. Hrs. Wages | | | No. Hrs. Wages | | | No. Hrs. Wages | | | No. Hrs. Wages | | | No. Hrs. Wages | | | | | | | | | |
| (A) | | (B) | (C) | (D) | | (E) | (F) | (G) | | (H) | (I) | (J) | | (K) | (L) | (M) | | (N) | (O) | (P) | | (Q) | (R) | (S) | | (T) | (U) | (V) | | (W) | (X) | (Y) | |
| 5th Year | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| % Change | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 4th Year | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| % Change | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 3rd Year | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| % Change | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2nd Year | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| % Change | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1st Year | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| % Change | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Test Year | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| % Change | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

NOTE: (1) Where an employee's wages are charged to more than one function include employee in function receiving largest portion of total wages.
(2) Show percent increase (decrease) of each year over the prior year on lines designated above "% Change."
(3) Employees, weekly hours per employee, and weekly wages per employee for the week including December 31 of each year and the last day of the test year.